

SUPPLY PROCUREMENT 2009

Expression of Interest – Invitation to potential suppliers

1. Supply Procurement 2009

Objective

The overall objective of Synergy's wholesale supply procurement program is the procurement of Capacity Credits, electricity and environmental rights to meet Synergy's portfolio needs, as appropriate, including the displacement of volumes stipulated in the Vesting Contract¹.

The displacement of Vesting volumes is governed by the Vesting Contract and the Ministerial Direction².

Requirements

Supply Procurement 2009 will seek to meet Synergy's requirements for:

- tendered Displacement;
- negotiated Displacement;
- supplies outside the Vesting Contract; and
- renewable energy needs (which may contribute towards Synergy's tendered or negotiated Displacement obligations).

Synergy intends to invite both renewable and non-renewable offers, addressing both Displacement and supplies outside Vesting, for Capacity Year 2011/12 and subsequent years.

In order to allow the participation at this stage of the process of a broad range of potential suppliers and achieve the optimal supply mix for Synergy, the procurement requirements are described in the broadest reasonable terms.

Subject to achieving acceptable commercial prices and other terms, Synergy intends to procure a significant proportion of these overall requirements from renewable sources.

Synergy's Displacement needs will be further outlined in the 2008 Annual Displacement Statement of Opportunities to be issued on or about the 30 November 2008.

For the information of potential suppliers, whether or not they are successful in Supply Procurement 2009, Synergy expects to conduct further supply procurement processes in future years to meet its outstanding obligations under the Vesting Contract and its other supply needs. However the requirements in these future processes may depend amongst other things on the outcome of Supply Procurement 2008 and Supply Procurement 2009.

¹ See Section 3 on reference documents

² See Section 3 on reference documents

Procurement approach

To address these requirements, a flexible approach has been developed, seeking:

- procurement based on Synergy's integrated portfolio needs;
- to inform and engage potential suppliers in the procurement process to allow available existing and new capacity to participate in the process;
- expressions of interest from potential suppliers, demonstrating their financial and other capabilities to provide Capacity Credits, electricity and/or environmental rights, and

subject to the outcomes of the EOI phase and greater clarity in relation to legislative developments relevant to electricity generation:

- to develop and conduct a tender phase during 2009.

Synergy reserves its right to not proceed to a tender phase.

Early discussion with potential suppliers

Synergy will seek and encourages interested parties to engage in discussions during the EOI phase to discuss Synergy's requirements and how these may be met by interested parties from both available existing and proposed new capacity.

Interested parties are invited to contact the Manager Power Procurement using the contacts details listed in this invitation.

Synergy will, if it considers this appropriate in the circumstances, communicate information of a general and non-confidential nature disclosed during these discussions to all potential suppliers using Synergy's web site.

Synergy may also engage in discussions with respondents, and other interested parties, following the EOI phase.

Synergy governance

The Manager, Power Procurement is responsible for the management of the process and reports to the Head of Wholesale.

A Steering Group comprising senior Synergy executives has been established.

The probity auditor attends Steering Group meetings.

Probity of the process

Synergy is committed to ensuring that every stage in the Process is conducted with due adherence to procedural fairness. The independent probity auditor has been appointed to oversee the probity of the process.

The probity auditor can be contacted directly by an interested party to discuss matters of probity with respect to the process.

The contact details of the probity auditor are set out below:

Mr Sherif Andrawes
BDO Consultants (WA) Pty Ltd
PO Box 7426
Cloisters Square PERTH WA 6850
Phone: (08) 9360 4200

Governing law

The laws of Western Australia govern Supply Procurement 2009.

Communications and requests for information or clarification

All communications in relation to the process should be addressed to the Manager Power Procurement (other than matters relating solely to probity) using the contact details listed below.

All requests for information or clarification of matters associated with the process should be directed to the Manager, Power Procurement. No one is authorised by Synergy to provide information or to clarify matters in relation to this invitation, other than the Manager, Power Procurement or a person with the express authorisation of the Manager, Power Procurement.

Contact details

The Manager Power Procurement may be contacted as follows (or as notified from time to time by Synergy):

Trevor Harvey
Synergy
GPO Box K851
PERTH WA 6842
Telephone: (+61 8) 6212 1466
Email: manager.powerprocurement@synergy.net.au

2. Expression of Interest

Purpose of the EOI phase

The purpose of this EOI phase is to describe Synergy's requirements and to invite potential suppliers to express interest in participating in Supply Procurement 2009.

Synergy intends to enter into an Electricity Supply Contract (ESC) with the Preferred Tenderer(s) for the supply, as appropriate, of Capacity Credits, associated electricity, RECs and/or any other relevant environmental rights. The ESC will be based on benchmark terms provided to all tenderers and then customised with each tenderer.

Expression of interest (EOI)

The EOI should contain adequate information to demonstrate that the supplier is capable of meeting Synergy's requirements, and to allow Synergy to proceed with the assessment. Potential suppliers should note the following in relation to the EOI:

- voluminous documentation is not required;
- detailed technical specifications are not required; and
- information is required to be provided to the extent it is necessary to allow the EOI assessment described below to be carried out.

Potential suppliers are advised to familiarise themselves with the information, requirements and conditions of this invitation. The potential supplier can submit an EOI by completing the prescribed form set out in this invitation, preparing the required information and lodging it in the specified manner with the Manager Power Procurement at the address indicated no later than the required lodgement date and time. A potential supplier that duly submits an EOI is a respondent.

If the respondent is a consortium, joint venture or other such association of parties, all participants must be named and a representative nominated as an authorised single point of contact for the respondent.

An EOI submitted by a respondent will not constitute an offer contractually binding on the respondent, but will form part of the basis upon which Synergy may select those respondents which may be invited to submit a tender.

The respondent submitting an EOI will nevertheless be bound by the terms and conditions in this invitation and when submitting the EOI is taken to have warranted to Synergy that:

- the information contained in the EOI is true, accurate and not misleading;
- the respondent will inform Synergy immediately if at any time during the process it becomes aware of any fact, matter or circumstance that makes, or could reasonably be expected to make, any part of its EOI untrue, inaccurate or misleading; and
- the respondent is acting solely on its own behalf and not as trustee or agent for (or otherwise for the benefit of) any other person (other than any consortium, joint venture or other such association of parties notified to Synergy by the respondent).

Information required in an EOI

Respondents, in submitting responses to this invitation, are required to submit responses to the following items as set out in the tables in Annexure A to this invitation.

- 1 Respondent information
- 2 Financial capability
- 3 Power project operating experience
- 4 Power project development experience (if a new power plant is proposed)
- 5 Compliance issues
- 6 Indicative proposal (including pricing)

Respondents are required to respond to each item (other than item 4 in the case that a new power plant is not proposed). Where relevant, a respondent that is a consortium, etc. should submit responses on behalf of each participant. As the responses to the items below will form part of the EOI assessment process, respondents are advised that a failure to respond adequately to all of the items listed below may result in them not being invited to participate in the tender process.

EOI assessment

Each EOI will be assessed on the basis of the demonstrated ability to provide the following to meet Synergy's requirements, should the process proceed to a tender phase:

- Capacity Credits from renewable and/or non-renewable sources commencing in the relevant Capacity Year(s);
- electricity; and/or
- where relevant RECs and other environmental rights.

The basis of this assessment will be the financial and other capabilities needed to meet Synergy's requirements as demonstrated by an appropriate selection of the following attributes:

- Term of supply contract offered.
- Capacity Credits, electricity and/or environmental rights offered.

- Indicative pricing.
- Financial structure of the potential supplier.
- Experience of the potential supplier.
- Ability (or plans) to provide Capacity Credits and electricity, including status with IMO.
- Arrangements for or progress towards securing site tenure, network access, fuel delivery or alternative energy resource, design and construction, operation and maintenance, equity and debt finance, as applicable.
- Progress towards the necessary approvals (in particular development and environmental approvals).
- The technical robustness and risk of the proposal.
- The inherent risks of the project and the extent to which these risks are being passed on to Synergy.
- The existence of significant barriers to meeting Synergy's requirements.

Benchmark ESC

Copies of Synergy's benchmark ESC are available to potential suppliers by following the process given in the section of this invitation on reference documents.

Lodgement

An EOI will comprise the following:

- Two (2) hard copies of the EOI and all attached documents; and
- an electronic version of the complete EOI on a CD ROM. The electronic version should be in Microsoft ® Word 2000 format or, if the respondent does not have access to a copy of certain documents in Word, those documents may be provided in pdf format.

A sealed package containing the EOI must be clearly marked:

Expression of Interest – Supply Procurement 2009

Manager Power Procurement

Synergy

228 Adelaide Terrace

PERTH WA 6000

From: [Respondent]

The sealed package containing the EOI should be lodged in person at the Ground Floor Reception, 228 Adelaide Terrace, Perth and should be lodged on:

Thursday, 4 December 2008, between 8:30 am and 10:30 am WDT.

Synergy reserves the right, at its sole discretion, to modify the lodgement time and date and/or to accept late lodgement by all or any potential supplier.

Selection for tender phase

Those respondents that, on the basis of the available information, meet Synergy's requirements may be invited to participate in the tender phase of Supply Procurement 2009.

Synergy reserves the right to not invite respondents to participate in the tender phase if they have not demonstrated in their EOI that their tender can be expected to be capable of acceptance by Synergy.

Synergy reserves the right not to proceed to the tender phase, and also to select potential suppliers that did not lodge an EOI to participate as tenderers.

3. Reference documents

Each potential supplier should make its own enquiries and satisfy itself that it has adequate knowledge of the WA electricity industry including industry structure, government policy and legislation, and the structure of the WEM.

The following lists of reference sources are not intended to be exhaustive.

Particular organisations that may be helpful in this regard are:

Office of Energy	http://www.energy.wa.gov.au/
Western Power	http://www.westernpower.com.au/
Independent Market Operator	http://www.imowa.com.au/
Economic Regulation Authority	http://www.era.wa.gov.au/

The following is a list of documents that may be helpful, and a source for each document is given³. In case of difficulty, potential suppliers may contact the Manager Power Procurement:

Vesting Contract

<http://www.energy.wa.gov.au/cproot/1065/8842/Vesting%20Contract%20-%20v22112007.pdf>

Overview of the Vesting arrangements

[http://www.energy.wa.gov.au/cproot/813/5579/Overview%20of%20the%20Vesting%20Arrangements%20\(Final\).pdf](http://www.energy.wa.gov.au/cproot/813/5579/Overview%20of%20the%20Vesting%20Arrangements%20(Final).pdf)

Ministerial Direction

[http://www.energy.wa.gov.au/cproot/741/4429/Exposure%20Mechanism%20-%20Ministerial%20Direction%20\(V12\)%20-%20FINAL.pdf](http://www.energy.wa.gov.au/cproot/741/4429/Exposure%20Mechanism%20-%20Ministerial%20Direction%20(V12)%20-%20FINAL.pdf)

Electricity Supply Contract (ESC)

On request from the Manager Power Procurement. To receive a copy of the ESC potential suppliers will be required to enter into the confidentiality agreement referenced below.

Confidentiality Agreement

http://www.synergy.net.au/About_Us/Power_Procurement/Process_2009_Updates.html

Supply Procurement 2009 presentation

A presentation and discussion can be arranged with the Manager Power Procurement

³ The documents and URL are given in good faith and were current when this invitation was prepared.

Disclaimer

The terms set out in this Disclaimer apply to all information included in this invitation and all other information from time to time provided or made available by or on behalf of Synergy to a person or group in relation to the process being adopted by Synergy for Supply Procurement 2009, all of which information is together called the "**Information**".

All intellectual property in the Information vests in Synergy, unless Synergy expressly states otherwise.

Synergy, its employees, officers and advisers and their respective representatives are not liable in any way (including, but not limited to, by reason of negligence or negligent misstatement) to a potential supplier, or any other person for any claims, losses, costs and expenses incurred by the potential supplier or any other person:

- in relation to any aspect of the process; or
- in evaluating or acting upon all or any part of the Information, in responding to all or any part of the Process or otherwise acting in reliance on all or any part of the Information; or
- arising out of, or in connection with, any omission from, or any change, modification, update of, or addition to, all or any part of the Information (including, without limitation, any claim, loss, cost or expense arising from the potential supplier or any other person not being made aware of the change, update, modification or addition); or
- arising out of or in connection with all or any part of the Information or their use of it or a failure to receive it or any changes, modifications, updates or additions to it (including, without limitation, any failure to correctly download or view any Information on the Synergy internet site).

Synergy may in its absolute discretion from time to time change, modify, update or add to all or any part of the information in the Information, without notice.

Synergy does not make any representation or warranty as to the accuracy, reliability, currency, completeness or suitability for any particular purpose or purposes of all or any part of the Information. If a potential supplier relies on any of the Information, it does so entirely at its own risk.

The Information reflects various assumptions about a number of matters, and refers to estimated information and information sourced from third parties. These assumptions, estimates, forecasts and any third party information may or may not prove to be correct and may change from time to time. The Information does not amount to a recommendation, either expressly or by implication, with respect to generation capacity and does not purport to contain all information that a potential supplier may require. The Information may not be appropriate for all persons and it is not possible for Synergy and its respective representatives to have regard to the particular needs of each person who reads or uses the Information.

The Information and any materials issued by Synergy to correct or update the Information (**Further Terms**) are to be read subject to this Disclaimer. The provisions of this Disclaimer take precedence over any other provision of the invitation to which this Disclaimer is attached or any Further Terms that is inconsistent with or otherwise conflicts with any provision of this Disclaimer.

Synergy may use the Information to select, as it seems fit, and at its absolute discretion those potential suppliers which it will invite to participate in the Tender phase of Supply Procurement 2009.

ANNEXURE A

1. Respondent information	
Respondent:	_____
Australian Business Number (ABN):	_____
Address of Respondent:	_____ _____ _____ _____ _____
Name of Representative:	_____
(authorised, single point of contact)	
Position of Representative:	_____
Telephone Number:	_____
e-mail Address:	_____
Notes:	
	By completing and returning this form, the Representative agrees for and on behalf of the Respondent that it has read, accepts and agrees to be bound by the terms and conditions set out in the Supply Procurement 2009 Expression of Interest – Invitation to potential suppliers and the Disclaimer set out on page 7 of that document.
Signed by the Representative:	_____
	For and on behalf of the Respondent
Date:	_____

2. Financial capability	
2.1.	The following information on the Respondent:
2.1.1.	If rated - latest credit rating, relevant rating agency, date of latest rating; or
2.1.2.	If not rated - Total Debt/Total Capitalisation ratio and Funds from Operations/Total Debt ratio and a copy of the source information.
2.2.	Intended approach to financing this project, if applicable.
2.3.	If the preference is to use project finance, indicate the likely level of the intended equity contribution to be made by the Respondent as a proportion of the total funding requirement of the project, if applicable.
3. Power plant operating experience	
Briefly describe the Respondent's involvement in the last five years as the principal in the operation of power plants in service (list no more than four examples of power plants) in Australia or overseas covering the following areas:	
3.1.	plant name and location.
3.2.	plant technology type and fuel.
3.3.	installed capacity, unit size and manufacturer and contact details.
3.4.	operating duty (peaking, mid-merit or base).
3.5.	capital cost of the plant.
3.6.	date on which the plant commenced operations.
3.7.	specific role of the Respondent in the operation of the power plant(s).
3.8.	the other participants (if any) and their specific roles in the operation of the power plant and contact details.
3.9.	power sale arrangements (eg. merchant operation, take-or-pay or other contract, counterparty, duration, etc).
3.10.	the equity participants and the amount of equity each provided.
3.11.	amount of any debt financing and its form (e.g., balance sheet, project financing).
3.12.	the institutions that provided any debt and referee contact details.
3.13.	experience of operating and in the commercial/trading environment in the WEM.
3.14.	other relevant experience in WA.

4. Power project development experience (if a new power plant(s) proposed)

Briefly describe the Respondent's involvement in the last five years as the **principal** in the development of power projects involving the designing, financing, constructing and commissioning of power plants in service (list no more than four examples of power plants) in Australia or overseas covering the following areas:

- 4.1. project name and location.
- 4.2. plant technology type and fuel.
- 4.3. installed capacity, unit size and manufacturer and contact details.
- 4.4. operating duty.
- 4.5. capital cost of the project.
- 4.6. date on which the project commenced operations.
- 4.7. specific role of the Respondent in the development of the power plant(s).
- 4.8. the other participants (if any) and their specific roles in the development of the power plant and contact details.
- 4.9. sale arrangements in respect of power and/or environmental rights, as appropriate.
- 4.10. the equity participants and the amount of equity provided.
- 4.11. amount of any debt financing and its form (e.g., balance sheet, project financing).
- 4.12. institutions that provided any debt and referee contact details.
- 4.13. lead time to design, construct and commission.
- 4.14. experience in WA and the WEM.
- 4.15. date and details of completion success against budget, target completion date and acceptance performance parameters.

5. Compliance issues

- 5.1. Briefly describe the ownership structure of the Respondent, the activities in which it is involved and its governance arrangements in Australia or overseas.
- 5.2. List whether the Respondent has a corporate presence in Western Australia or other Australian states. If the Respondent does not currently have a presence in Western Australia, outline the process by which it intends to establish this presence if successful in the Process.
- 5.3. Indicate the Respondent's preparedness to develop and implement an Australian Industry Participation Plan (see <http://www.aip.gov.au>) to demonstrate the manner in which it would optimise the use of local suppliers, if applicable.
- 5.4. Provide reports (statutory or otherwise) for the last two years describing the performance with respect to environmental and work place health and safety of the Respondent (or its constituent or related bodies).

6. Indicative proposal

- 6.1. Installed capacity, Capacity Credits, RECs and any other environmental rights (if appropriate) to be available to support the supply proposal or to be created by the proposed power plant(s).
- 6.2. Certification by the IMO or progress and plans towards certification.
- 6.3. Generation technology type (e.g. gas turbine, steam turbine, biomass, wind etc).
- 6.4. Fuel or alternative energy resource type, if applicable.
- 6.5. Indicative capacity factor, availability and reliability for the proposed power plant(s) (including brief supporting information).
- 6.6. Indicative P50 alternative energy resource estimate for proposed power plant(s) and basis of monitoring data available, if applicable.
- 6.7. Indicative installed location of proposed power plant(s).
- 6.8. Arrangements or progress towards securing site tenure, network access, fuel delivery or alternative energy resource, design and construction, operation and maintenance, as applicable.
- 6.9. Progress towards the approvals necessary for the proposed power plant(s), if applicable.
- 6.10. Indicative heat rate of proposed power plant on a higher heating value basis quoted at ISO standard conditions, if applicable.
- 6.11. Respondent's desired duration of supply period under the ESC (for discussion with Synergy).
- 6.12. Respondent's indicative prices for Capacity Credits, electricity and environmental rights, as relevant.